



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

RECEIVED

APR 14 2008

I-BANK

California Trade and Commerce
801 K Street, Suite 1600
Sacramento, CA 95814

**Contact Name and Employee
ID: Tom Hupf
Badge No.: 91-08158**

**Contact Telephone Number:
425-235-4345**

**Contact Address:
Internal Revenue Service
SE:T:GE:TEB:F:7222**

EIN: 68-0304653

**Date: April 9, 2008
Response Due: April 30, 2008**

Re: California Infrastructure and Economic Development Bank (Issuer), \$35,000,000
501(c)(3) Nonhospital Bond, Issue Date July 25, 2002.

Dear Sir or Madam:

We have selected the debt issuance named above for examination.

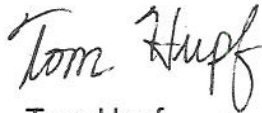
The IRS routinely examines municipal debt issuances to determine compliance with Federal tax requirements. Your debt issuance was selected for examination as part of a project initiated by the Service to measure compliance with the arbitrage rebate requirements under section 148 of the Internal Revenue Code. At this time, we have no reason to believe that your debt issuance fails to comply with any of the applicable Federal tax requirements. As always, we reserve the right to expand this examination to any aspect of your debt issuance.

Please review the enclosed Information Document Request and mail all requested documents to the address noted above within 21 days of the date of this letter. Other items may be requested as the examination proceeds.

If you desire to appoint a representative to act on your behalf, a power of attorney must be filed with the Service in order for the Service to discuss or provide your representative with confidential information. A Form 2848, Power of Attorney and Declaration of Representative, or any other properly written power of attorney or authorization may be used for this purpose. Copies of Form 2848 may be obtained from any Internal Revenue Service Office or downloaded at <http://www.irs.gov>.

Thank you for your cooperation in this matter. Please feel free to call or write if you have any questions or concerns or are unable to respond to the Information Document Request by the due date.

Sincerely,

A handwritten signature in black ink that reads "Tom Hupf". The signature is written in a cursive, slightly slanted style.

Tom Hupf
Internal Revenue Agent
Tax Exempt Bonds

Enclosures:

Publication 1
Form 4564 (Information Document Request)
Letter 3164H
Form 12180

Information Document Request**1****TO:** (Name of Taxpayer and Company, Division, or Branch)**California Trade and Commerce
California Infrastructure and Economic
Development Bank**801 K Street, Suite 1600
Sacramento, CA 95814**Subject:****Tax Exempt Bond Examination**

ESAIN Number:

Dates of Previous Requests: None

Information Due By: April 30, 2008**At Examination Site:** **Mail In:** X

A preliminary contact for the purpose of clarifying this request is encouraged.

Please include copies of all documentation to support any explanations given. If documentation is not available, so indicate in your response.

Also, please "Title" and "Date" your response, and reference this IDR #. If a narrative is prepared, identify the person(s) who prepared the response.

Bond Issue for which information is requested:

California Infrastructure and Economic Development Bank, July 25, 2002, \$35,000,000 501(c)(3) Bond.

- 1) Provide a copy of the official statement and Form 8038 filed with respect to the Bond Issue.
- 2) If the issue has been discharged, please provide the date that the issue was discharged and indicate whether the discharge was pursuant to a refunding of the Bond Issue.
- 3) Provide a description of project financed by the Bond Issue. Include a listing of all assets acquired with bond proceeds.
- 4) Provide a breakdown reflecting the current status of the project or projects financed by the Bond Issue. Include the placed in service date for each project(s).
- 5) Based upon the issue date of the Bond Issue provided to the Service, the date by which the final allocation of proceeds to expenditures under section 1.148-6(d) of the Income Tax Regulations has passed. Please indicate whether the final allocation of proceeds to expenditures has been accounted for with respect to the Bond Issue. Include a description of the accounting method

From:	Name and Title of Requester Tom Hupf Tax Exempt Bond Agent Badge No. 91-08152	Date April 9, 2008
	Office Location 915 Second Avenue, M/S 540 Seattle, WA 98174	Telephone Number 425-235-4345

Information Document Request**1****TO:** (Name of Taxpayer and Company, Division, or Branch)**California Trade and Commerce
California Infrastructure and Economic
Development Bank**801 K Street, Suite 1600
Sacramento, CA 95814**Subject:****Tax Exempt Bond Examination**

ESAIN Number:

Dates of Previous Requests: None

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used for this final allocation. If the final allocation has not been made, please explain why such allocation has not been made.

- 6) Please provide a summary listing of all expenditures financed with proceeds of the Bond Issue in furtherance of the project. The listing should include the amount and date of the expenditure as well as its discrete purpose (e.g. land acquisition, equipment acquisition, building and construction, bond issuance expenses, feasibility studies, capitalized interest during construction, etc.).
- 7) Please indicate whether any of the expenditures included on the summary listing requested in Item #6 were financed under a reimbursement allocation described in section 1.150-2 of the Income Tax Regulations. If so, please provide a copy of the official intent resolution or similar documentation and describe how the allocation complied with the other general operating rules for reimbursement allocations.
- 8) Please indicate whether the proceeds of the Bond Issue initially qualified for a Temporary Period permitting investment of the proceeds at an unrestricted yield. If so, please indicate which Temporary Period applied and the amount of proceeds to which each Temporary Period applied.
- 9) If a Temporary Period did apply to any of the proceeds, were the proceeds spent by the expiration of such Temporary Period. If not, were the proceeds yield restricted?
- 10) Based upon the issue date of the Bond Issue provided to the Service, the first due date for any necessary rebate payment or yield reduction payment has passed. Payments of rebate under section 148(f) of the Code must be made for a computation date that is not later than 5 years after the issue date and in 5-year intervals after such date. In addition, a final rebate computation must be made as of the date the issue is discharged. Yield reduction payments are

From:

Name and Title of Requester

**Tom Hupf
Tax Exempt Bond Agent
Badge No. 91-08152**

Office Location

**915 Second Avenue, M/S 540
Seattle, WA 98174**

Date

April 9, 2008

Telephone Number

425-235-4345

Form 4564 (Rev. 9-94)	Department of the Treasury - Internal Revenue Service <h2 style="margin: 0;">Information Document Request</h2>	Request Number <div style="font-size: 24pt; font-weight: bold;">1</div>
TO: (Name of Taxpayer and Company, Division, or Branch) California Trade and Commerce California Infrastructure and Economic Development Bank 801 K Street, Suite 1600 Sacramento, CA 95814		Subject: Tax Exempt Bond Examination <hr/> ESAIN Number: <hr/> Dates of Previous Requests: None
Information Due By: <u>April 30, 2008</u>		At Examination Site: <u> </u>
		Mail In: <u> X </u>

due at the same time and manner as rebate payments. Please provide the following information with respect to your determination as to whether a rebate or yield reduction payment was due with respect to the Bond Issue on any rebate payment date:

- a) State the dates you treated as rebate computation dates and rebate payment dates.
- b) Provide copies of any rebate computations including bond yield computations completed with respect to your rebate liabilities relating to the Bond Issue. If no rebate computations were completed, please explain why such computations were not completed.
- c) Provide copies of any yield restriction analysis, including applicable yield restricted rate determinations, completed with respect to the proceeds of the Bond Issue subject to yield restriction. If no yield restriction analysis was completed, please explain why.
- d) Under the Code and applicable regulations, a variety of exceptions may apply to a bond issue that would reduce or eliminate the requirement to rebate arbitrage earnings to the U.S. Treasury. Please state which exceptions, if any, have been relied upon to reduce or eliminate the need to make rebate payments and provide copies of all applicable elections. If any elections constitute part of a larger document, you may, instead of sending the entire document, send the first page, the page(s) that includes the pertinent elections, and the signature page(s).
- e) If rebate was owed as of any payment dates, were Forms 8038-T filed with the Service and payment made on a timely basis? If yes, provide copies of the filed Forms 8038-T. If not, please explain why the Forms were not filed.
- f) Did you elect under section 148(f)(4)(C) of the Code on or before the issue date to pay penalty in lieu of rebate? If so, please provide a copy of your election. As indicated above,

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	Office Location 915 Second Avenue, M/S 540 Seattle, WA 98174	Telephone Number 425-235-4345

Information Document Request**1****TO:** (Name of Taxpayer and Company, Division, or Branch)**California Trade and Commerce
California Infrastructure and Economic
Development Bank**801 K Street, Suite 1600
Sacramento, CA 95814**Subject:****Tax Exempt Bond Examination**

ESAIN Number:

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you do not need to send the entire document if the first page, the page(s) including the election, and the signature page(s) are provided. Also, provide a schedule or other documentation regarding expenditures and copies of any Forms 8038-T filed to pay such penalties.

- g) Have you made any claims to recover an overpayment of rebate? If so, please provide copies of any claims submitted and any correspondence from the Service indicating a recovery of overpayment from the Service.

- 11) Provide any additional information which may be beneficial in determining this Bond Issue's compliance with applicable arbitrage rebate requirements.

Other documents may be needed to conduct the examination, and we will make arrangements with you to review those after the documents described above have been reviewed.

Please call me if you have any questions or concerns. Thank you for your cooperation.

From:	Name and Title of Requester Tom Hupf Tax Exempt Bond Agent Badge No. 91-08152	Date April 9, 2008
	Office Location 915 Second Avenue, M/S 540 Seattle, WA 98174	Telephone Number 425-235-4345



Department of the Treasury
Internal Revenue Service

Publication 1

(Rev. May 2005)

Catalog Number 64731W

www.irs.gov

Your Rights as a Taxpayer

The first part of this publication explains some of your most important rights as a taxpayer. The second part explains the examination, appeal, collection, and refund processes. This publication is also available in Spanish.

THE IRS MISSION

PROVIDE AMERICA'S
TAXPAYERS TOP QUALITY
SERVICE BY HELPING THEM
UNDERSTAND AND MEET
THEIR TAX RESPONSIBILITIES
AND BY APPLYING THE TAX
LAW WITH INTEGRITY AND
FAIRNESS TO ALL.

Declaration of Taxpayer Rights

I. Protection of Your Rights

IRS employees will explain and protect your rights as a taxpayer throughout your contact with us.

II. Privacy and Confidentiality

The IRS will not disclose to anyone the information you give us, except as authorized by law. You have the right to know why we are asking you for information, how we will use it, and what happens if you do not provide requested information.

III. Professional and Courteous Service

If you believe that an IRS employee has not treated you in a professional, fair, and courteous manner, you should tell that employee's supervisor. If the supervisor's response is not satisfactory, you should write to the IRS director for your area or the center where you file your return.

IV. Representation

You may either represent yourself or, with proper written authorization, have someone else represent you in your place. Your representative must be a person allowed to practice before the IRS, such as an attorney, certified public accountant, or enrolled agent. If you are in an interview and ask to consult such a person, then we must stop and reschedule the interview in most cases.

You can have someone accompany you at an interview. You may make sound recordings of any meetings with our examination, appeal, or collection personnel, provided you tell us in writing 10 days before the meeting.

V. Payment of Only the Correct Amount of Tax

You are responsible for paying only the correct amount of tax due under the law—no more, no less. If you cannot pay all of your tax when it is due, you may be able to make monthly installment payments.

VI. Help With Unresolved Tax Problems

The Taxpayer Advocate Service can help you if you have tried unsuccessfully to resolve a problem with the IRS. Your local Taxpayer Advocate can offer you special help if you have a significant hardship as a result of a tax problem. For more information, call toll free 1-877-777-4778 (1-800-829-4059 for TTY/TDD) or write to the Taxpayer Advocate at the IRS office that last contacted you.

VII. Appeals and Judicial Review

If you disagree with us about the amount of your tax liability or certain collection actions, you have the right to ask the Appeals Office to review your case. You may also ask a court to review your case.

VIII. Relief From Certain Penalties and Interest

The IRS will waive penalties when allowed by law if you can show you acted reasonably and in good faith or relied on the incorrect advice of an IRS employee. We will waive interest that is the result of certain errors or delays caused by an IRS employee.

Examinations, Appeals, Collections, and Refunds

Examinations (Audits)

We accept most taxpayers' returns as filed. If we inquire about your return or select it for examination, it does not suggest that you are dishonest. The inquiry or examination may or may not result in more tax. We may close your case without change; or, you may receive a refund.

The process of selecting a return for examination usually begins in one of two ways. First, we use computer programs to identify returns that may have incorrect amounts. These programs may be based on information returns, such as Forms 1099 and W-2, on studies of past examinations, or on certain issues identified by compliance projects. Second, we use information from outside sources that indicates that a return may have incorrect amounts. These sources may include newspapers, public records, and individuals. If we determine that the information is accurate and reliable, we may use it to select a return for examination.

Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund, explains the rules and procedures that we follow in examinations. The following sections give an overview of how we conduct examinations.

By Mail

We handle many examinations and inquiries by mail. We will send you a letter with either a request for more information or a reason why we believe a change to your return may be needed. You can respond by mail or you can request a personal interview with an examiner. If you mail us the requested information or provide an explanation, we may or may not agree with you, and we will explain the reasons for any changes. Please do not hesitate to write to us about anything you do not understand.

By Interview

If we notify you that we will conduct your examination through a personal interview, or you request such an interview, you have the right to ask that the examination take place at a reasonable time and place that is convenient for both you and the IRS. If our examiner proposes any changes to your return, he or she will explain the reasons for the changes. If you do not agree with these changes, you can meet with the examiner's supervisor.

Repeat Examinations

If we examined your return for the same items in either of the 2 previous years and proposed no change to your tax liability, please contact us as soon as possible so

we can see if we should discontinue the examination.

Appeals

If you do not agree with the examiner's proposed changes, you can appeal them to the Appeals Office of IRS. Most differences can be settled without expensive and time-consuming court trials. Your appeal rights are explained in detail in both Publication 5, Your Appeal Rights and How To Prepare a Protest If You Don't Agree, and Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund.

If you do not wish to use the Appeals Office or disagree with its findings, you may be able to take your case to the U.S. Tax Court, U.S. Court of Federal Claims, or the U.S. District Court where you live. If you take your case to court, the IRS will have the burden of proving certain facts if you kept adequate records to show your tax liability, cooperated with the IRS, and meet certain other conditions. If the court agrees with you on most issues in your case and finds that our position was largely unjustified, you may be able to recover some of your administrative and litigation costs. You will not be eligible to recover these costs unless you tried to resolve your case administratively, including going through the appeals system, and you gave us the information necessary to resolve the case.

Collections

Publication 594, The IRS Collection Process, explains your rights and responsibilities regarding payment of federal taxes. It describes:

- What to do when you owe taxes. It describes what to do if you get a tax bill and what to do if you think your bill is wrong. It also covers making installment payments, delaying collection action, and submitting an offer in compromise.
- IRS collection actions. It covers liens, releasing a lien, levies, releasing a levy, seizures and sales, and release of property.

Your collection appeal rights are explained in detail in Publication 1660, Collection Appeal Rights.

Innocent Spouse Relief

Generally, both you and your spouse are each responsible for paying the full amount of tax, interest, and penalties due on your joint return. However, if you qualify for innocent spouse relief, you may be relieved of part or all of the joint liability. To request relief, you must file Form 8857, Request for Innocent Spouse Relief no later than 2 years after the date

on which the IRS first attempted to collect the tax from you. For example, the two-year period for filing your claim may start if the IRS applies your tax refund from one year to the taxes that you and your spouse owe for another year. For more information on innocent spouse relief, see Publication 971, Innocent Spouse Relief, and Form 8857.

Potential Third Party Contacts

Generally, the IRS will deal directly with you or your duly authorized representative. However, we sometimes talk with other persons if we need information that you have been unable to provide, or to verify information we have received. If we do contact other persons, such as a neighbor, bank, employer, or employees, we will generally need to tell them limited information, such as your name. The law prohibits us from disclosing any more information than is necessary to obtain or verify the information we are seeking. Our need to contact other persons may continue as long as there is activity in your case. If we do contact other persons, you have a right to request a list of those contacted.

Refunds

You may file a claim for refund if you think you paid too much tax. You must generally file the claim within 3 years from the date you filed your original return or 2 years from the date you paid the tax, whichever is later. The law generally provides for interest on your refund if it is not paid within 45 days of the date you filed your return or claim for refund. Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund, has more information on refunds.

If you were due a refund but you did not file a return, you generally must file your return within 3 years from the date the return was due (including extensions) to get that refund.

Tax Information

The IRS provides the following sources for forms, publications, and additional information.

- **Tax Questions:** 1-800-829-1040 (1-800-829-4059 for TTY/TDD)
- **Forms and Publications:** 1-800-829-3676 (1-800-829-4059 for TTY/TDD)
- **Internet:** www.irs.gov
- **Small Business Ombudsman:** A small business entity can participate in the regulatory process and comment on enforcement actions of IRS by calling 1-888-REG-FAIR.
- **Treasury Inspector General for Tax Administration:** You can confidentially report misconduct, waste, fraud, or abuse by an IRS employee by calling 1-800-366-4484 (1-800-877-8339 for TTY/TDD). You can remain anonymous.



THIRD PARTY CONTACT AUTHORIZATION FORM

Internal Revenue Code Section 7602(c)

Under section 7602(c) of the Internal Revenue Code, the Internal Revenue Service (IRS) is required to provide taxpayers with reasonable advance notice that contacts with persons other than the taxpayer may be made with respect to the determination or collection of the tax liability of such taxpayer. Additionally, the IRS is required to provide the taxpayer with a record of persons contacted on a periodic basis. The IRS will also provide this record to the taxpayer upon request. However, the IRS is not required to provide advance notice or a record of persons contacted with respect to any contacts which the taxpayer has authorized.

By signing this form, you are waiving your rights under section 7602(c) with respect to the persons you have authorized the IRS to contact. Accordingly, the IRS will not be required to maintain a record of these contacts. If no third party contacts are made other than those authorized by you, the IRS will not be required to provide you with advance notice that contacts with third parties may be made or provide you with a record of persons contacted.

Authorization of Third Party Contact(s)

I authorize an officer or employee of the Internal Revenue Service to contact the following third person(s) with respect to the determination or collection of my tax liability.

Name(s) of Third Person(s) _____

I understand that by signing this form, I am waiving my rights under section 7602(c) with respect to contacts made by an officer or employee of the Internal Revenue Service with the above-listed person(s).

TAXPAYER'S SIGNATURE _____ DATE _____

TAXPAYER IDENTIFICATION NUMBER _____

SPOUSE'S SIGNATURE _____ DATE _____

TAXPAYER'S REPRESENTATIVE _____ DATE _____

CORPORATE NAME _____ DATE _____

CORPORATE OFFICER(S) _____ DATE _____

April 9, 2008

> California Trade and Commerce
California Infrastructure & Economic Development Bank
801 K Street, Suite 1600
Sacramento, CA 95814

Re: \$35,000,000 501(c)(3) Nonhospital Bond

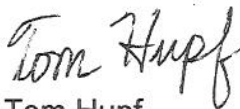
Dear Sir or Madam,

We are in the process of examining a Form 8038 series return you have filed with us to determine whether the bond issue qualifies as tax exempt. Generally, our practice is to deal directly with you or your duly authorized representative. However, we sometimes talk with other persons, for example when we need information that you have been unable to provide, or to verify information we have received.

We are writing to tell you that we may contact other persons. If we do contact other persons we will generally need to tell them limited information, such as your name. The law prohibits us from disclosing any more information than is necessary to obtain or verify the information we are seeking. Our need to contact other persons may continue as long as we are examining any open tax year.

If you have any questions regarding this letter or wish to request a list of contacts, please do not hesitate to contact me at (425) 235-4345. However, **you are not required to respond to this letter.**

Sincerely,



Tom Hupf
Internal Revenue Agent, Tax-Exempt Bonds



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

California Infrastructure and Economic
Development Bank
Attn: Brooke Bassett
1001 I Street, 19th Floor
Sacramento, CA 95814

Contact Name: Tom Hupf

Employee ID: 91-08152

Contact Telephone Number:
425-235-4345

Contact Address:
Internal Revenue Service
SE:T:GE:TEB:F: 7222

EIN: 68-0304653

Date: JUN 11 2008

Re: Notification of No Change Determination
Insured Variable Rate Demand Revenue Bonds (Academy of Motion Arts and Sciences
Obligated Group), Series 2002

Dear Ms. Bassett:

We have recently completed our examination of the bond issue(s) named above (the "Bonds"). As a result, we have made a determination to close the examination with no change to the position that interest received by the beneficial owners of the Bonds is excludable from gross income under section 103 of the Internal Revenue Code.

If you have any questions or concerning this matter, please contact the person whose name and phone number are shown above.

Thank you for your cooperation in this matter.

Sincerely,

Robert E. Henn
Manager, Field Operations
Tax Exempt Bonds

cc: Carol Lew